

# TAXTOPICS

A publication of the Nevada Taxpayers Association serving the citizens of Nevada since 1922

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## Session Ends. Sun Shines.

Until the afternoon of the last day of the session, the blustery to windy weather and unseasonably cool temperatures provided the commentary on the last two weeks of most things legislative. On the fiscal side, it was a session marked by polar opposing views, with cries of “no new taxes” and “we can’t tax our way into prosperity” to “we need to increase our spending” and “we can’t cut our way into prosperity.”

And then when it seemed like there was no solution, the Nevada Supreme Court issued their ruling on the Clark County Clean Water Coalition case. Filed after the 2009 Legislative session, that case challenged the right of the State to “sweep” \$62 million of local rate payer funds into the State general fund. The court, siding with the CWC, said the State could not take the funds, thereby creating a budget hole of over \$600 million; the amount of funds Governor Sandoval had planned to sweep from local governments over the next biennium. Fortunately, this ruling played out much differently than the 2003 decision by the Supremes, which resulted in two special sessions. This time the Governor and Legislative leaders from both parties reached an agreement to extend the tax sunsets which were due to expire on June 30 of this year. Because of the need for a two-third vote on any bill that increased taxes and fees, and with the Democrats falling shy of the two-thirds majority in both houses, the Republicans held out for “reforms. Those reform bills included education, construction defects, collective bargaining, and the Boulder City Bypass Toll Road.

While the last hours of session were generally smooth, there were a couple of heart-stopping moments. The language for the Boulder City Bypass, which had been amended into Senate Bill 506 as part of the end game, was defeated twice in the Assembly (24 to 18 and 21 to 21) before finally passing (29 to 13). This occurred after the votes had been cast passing the bill to defer the tax sunsets until June 30, 2013. Another heart-stopper, with just three hours left to the end of session, was the introduction by the Assembly Ways and Means committee, of AB 582, a bill to put a transaction (service) tax and Nevada Margins tax on the ballot. The 120 page bill saw NTA president Carole Vilardo, commenting at the hearing held at the bar that introducing a bill of that length, with little more than three hours before session adjournment was

“ludicrous.” The majority of the committee voted to put the bill on the general file but, it was subsequently put on the Chief Clerk’s desk.

Fortunately, in spite of some last minute drama, *sine die* occurred on time and without mishap. And to the joy of all, no special session on the horizon.

Future issues of Tax Topics will have more on the bills of import to our members, including the budget bills, and reform and efficiency bills. Also covered will be the tax proposals that didn’t make it, along with missed opportunities.

### IN THIS ISSUE

#### Tax Enactments

Tax and Fees to Balance Budget.....	2
Property Tax.....	2
Sales Tax.....	3
Net Proceeds of Minerals.....	5
Motor Vehicle Taxes & Fees.....	5
Tax Administration.....	7
Miscellaneous Taxes & Fees.....	8

#### Vetoed

Bills Vetoed During Session.....	10
Bills to be Returned Next Session.....	11

**TAX AND FEES TO BALANCE THE STATE GENERAL FUND****AB 219 - Gaming: Distribution of Wagering Vouchers**

Each nonrestricted gaming licensee is required to remit 75 percent of the value of the expired slot machine wagering vouchers to the State Gaming Control Commission. The money collected shall be paid by the Commission to the State Treasurer for deposit in the State General Fund. The Nevada Gaming Commission is required to adopt regulations relating the retention and tracking of slot machine vouchers.

Effective: July 1, 2011. The required regulations are to be adopted on or before January 31, 2012. The provisions of this act applies to any slot machine wagering voucher as defined in this legislation issued on or after July 1, 2011.

**AB 500 - Slot Licensing Fees: Redistribution**

The slot machine distribution, deposited into the Revolving Account to Support Programs for the Prevention and Treatment of Problem Gambling, is reduced from \$2 to \$1. The other \$1 is deposited into the State General Fund.

Effective: July 1, 2011. Expires June 30, 2013. On July 1, 2013 the full \$2 will be deposited into the Problem Gambling Revolving Account.

**AB 561 - Extension of Tax Sunsets**

This legislation contains a number of provisions which provide revenue for the State's general fund.

**1. The Modified Business Tax (MBT).** The rate of 1.17 percent on all wages (as reported to the Nevada Department of Employment Security) over \$62,500 per quarter is continued until June 30, 2013. The first \$62,500 of wages reported for the quarter is exempt from the tax.

Effective July 1, 2011. On July 1, 2013 the rate is scheduled to revert to .063 percent on all reported wages paid per quarter.

*Note:* Businesses that do not have a reported payroll over \$62,500 must still file a quarterly report.

**2. The State Business License Fee (Tax)** is continued at \$200 annually until June 30, 2013. The fee reverts to \$100 on July 1, 2013.

**3. Sales and Use Tax - Local School Support Tax (LSST) portion.** The rate increase of 0.35 percent is extended until June 30, 2013. The rate will revert from 2.60 percent to 2.25 percent on July 1, 2013.

**4. Car Rental Tax.** The distribution of the tax is changed; 100 percent is deposited in the general fund, effective July 1, 2011. Currently 10 percent is deposited to the State Highway Fund.

*Note:* This change does not sunset in two years.

**5. Net Proceeds of Minerals Tax.** The annual prepayment of the tax is continued until June 30, 2013.

**6. The Fund to Stabilize the Operation of State Government (a.k.a. Rainy Day Fund).** The transfer of 1 percent of the total anticipated revenue is delayed for this biennium until July 1, 2013. Also, the State Controller is also directed to transfer \$41,321,014 to the State General Fund. This transfer of 1 percent is delayed until July 1, 2013

**PROPERTY TAX****AB 202 - Partial Abatement for New Manufacturing Building that Meet Leed Standards**

A partial abatement of property taxes is provided to a new manufacturing business for those portions of the property that is renovated or for an existing building or other structure that meets the Green Building Standards for energy efficiency. Provides that the percentage of abatement (based on the Leed designation - silver, gold or platinum), does not include the portion of property taxes levied for K-12 operations or debt. The abatement is limited to not more than one year. A manufacturing business must employ at least 25 full-time employees and pay at least 100 percent of the state or county average wage whichever is less (excludes management and administrative employees). A manufacturing business that has been granted a partial abatement under an existing program is not eligible for this abatement. The Director of the office of energy is required to adopt regulations for this program. Also requires notification by the Director to various governmental entities.

Effective: Dates vary from June 10, 2011 to October 1, 2011.

**PROPERTY TAX CONTINUED****AJR 1- Constitutional Amendment - Property Valuation**

Proposes an amendment to Article 10 of the Nevada Constitution, to authorize the Legislature as it deems appropriate, to enact statutory changes for the calculation of the taxable value of improvements to real property upon transfers, sales or other conveyances of the property.

**NTA:** This legislation was requested by the Nevada League of Cities. If approved again by the 2013 Legislature, it will be on the November 2014 election ballot.

**SB 32 - State Board of Equalization - Property Tax Administration**

Clarifies that deadline to file an appeal is the next business day if January 15 falls on a Saturday, Sunday or legal holiday. If the State Board of Equalization (SBE) believes an appeal will have a substantial impact on the tax revenues of multiple counties, they will now have to notify the affected entities by April 30. They may now hold additional meetings until November 1. The SBE is required to also post a schedule of its appeal hearings on the Department of Taxation's website.

Effective: June 13, 2011

**NTA :** This legislation was requested by the Department of Taxation.

**SB 249 - Assessor's Omnibus Property Tax Bill**

Clarifies that property tax exemptions provided to veterans, surviving spouses, blind persons do not apply to any person unless they have actually resided in Nevada for at least 6 months. Authorizes the county assessors upon request to provide the necessary forms by electronic means and authorizes the return of the forms electronically. Provides that under certain conditions the taxable value of units in common interest communities is allocated in accordance with the formula set forth in the declaration creating the common interest community or if no such declaration exists in the recorded deeds for the units. Requires the secured property tax roll to also post the roll at the office of the county assessor and publish the secured tax roll on the county's website as well as the delinquent tax roll. Reduces to \$5,000 or more (from \$10,000) the amount of the taxes owed on personal property that may be paid in installment, but only if the tax bill is mailed by September 15. Changes the certification of property taxes paid to the county tax receiver before a mobile or manufactured home may be converted from real to personal property and removed from the property it is affixed to. Extends the revenue sources for the assessors' technology fund. until June 30, 2013. Repeals the obsolete provisions regarding "Claims for exemption" and "Minimum valuation of patented land," NRS 361.170 and 361.230 respectively.

Effective: June 17, 2011 to July 1, 2011. The provisions regarding "actual residency for 6 months," "common interest communities" and the repeal of obsolete provisions do not apply to or affect the assessment of any taxes or the application or administration of any exemptions from taxation or the valuation of any property for any fiscal year beginning before July 1, 2012.

**SB 504 - Imposes Property Tax for State Capital Projects.**

Levies a property tax of 17 cents on each \$100 of assessed valuation of taxable property commencing on July 1, 2011 through June 30, 2013 . Two cents of the 17 cents was approved by the voters and is outside the cap of \$3.64 per \$100 assessed valuation.

Effective: June 14, 2011.

**NTA:** This provision is found in the Capital Improvement Project bill.

**SALES TAX****AB 572 - More Cops Tax: Reporting Requirements**

The reporting of expenditures by police departments in Clark County is revised as are the requirements for approval of the expenditure of the revenue generated by the tax when a governing body projects a decrease in the receipt of other tax revenue. Provides a method whereby the County Treasurer may approve one police department using the proceeds of the tax that would have otherwise been allocated to another police department.

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**SALES TAX CONTINUED****AB 572 - More Cops Tax: Reporting Requirements** *continued*

Requires each police department to provide the Department of Taxation with the report of expenditures. (Prior reports were submitted to the Legislative Counsel Bureau.)

Effective: June 17, 2011.

**NTA:** Voters in Clark County approved an advisory question for the imposition of an optional sales and use tax up to ½ percent for hiring and equipping new police officers, which could not be used to supplant existing funding. The advisory question and legislation of 2005 did not contemplate an economic situation in which revenue would decrease. This legislation addresses that issue.

Note: In approving the legislation to allow the imposition of the sales tax, the Legislature approved an initial rate of only ¼percent.

**SB 34 - Streamlined Sales Tax Compliance**

Revises the provisions governing the administration of sales and use taxes to ensure continued compliance with the Streamlined Sales and Use Tax Agreement (SSTA). Provisions include: (1) superseded requirements for purchases of direct mail with new requirements regarding the sourcing of those transactions to various jurisdictions; and (2) the respective responsibilities of sellers and purchasers for the collection, reporting and payment of the applicable taxes. New and amended requirements of the SSTA included in this legislation are: (1) the registration of sellers who anticipate making no sales into certain states; (2) allowing the electronic filing of simplified tax returns;(3) and required identification of delivery charges. The dates that tax returns are due and the use of exemption certifications are clarified. Also, the requirement for good faith, which is not allowed by the Agreement, is deleted.

Effective: June 16, 2011

**NTA:** This legislation was requested by the Department of Taxation

**SB 432 - Potential Sales Tax Extension - Clark and Washoe Counties**

Clark and Washoe County Commissioners are authorized to extend the local option sales tax for transportation projects, including mass transit, if the Commissioners determine by a two-thirds majority vote that the cessation of the tax beyond the expiration date in the ordinance is not advisable. Also expands provisions related to the financing of such projects.

Authorizes the Clark County Commission to extend the 1/4 percent local sales tax option for the Southern Nevada Water Authority and related water authorities, if the Commissioners determine by a two-thirds majority vote that the cessation of the tax, beyond the expiration date in the ordinance, is not advisable. Also expands to 40 years the length of time a water or waste water facility can be financed.

Effective: July 1, 2011

**NTA:** As originally approved by Clark County voters in 1997, the imposition of the sales tax to fund water projects is to expire when the sum of \$2.3 billion was collected or June 30, 2025, whichever is earlier.

**SB 495 - Competing Measure to Initiative Petition No. 1 (IP 1)**

Requires a uniform and equal rate of sales and use tax in a county and prohibits the creation of special districts in which a higher sales and use tax rate applies in a certain portion of the county. This measure will appear on the November 2012 election ballot.

Effective: October 1, 2011

**NTA -** As IP 1 was not acted on by the Legislature in the required first 40 days of session, it will appear on the November 2012 election ballot. The initiative proposes an increase in the sales and use tax of 0.9 percent, to be levied for a sports and entertainment arena in a specified area of Clark County. *IP 1 and SB 495 will be the dueling ballot questions of 2012.*

**To read the full text of the bills go to: [www.leg.state.nv.us](http://www.leg.state.nv.us).  
Once there click onto "Session Info - 2011" and then on "Bill Information."**

### NET PROCEEDS OF MINERALS TAX

#### **SB 493 - Mining Oversight & Net Proceeds Deductions**

The Mining Oversight and Accountability Commission, consisting of seven members appointed by the Governor, is created. Two of the members must be recommended by the Senate Majority Leader and two by the Assembly Speaker. In the first biennium, the Minority Leaders of the Assembly and Senate each recommend one member, thereafter they alternate their recommendations. Requires the Commission to provide oversight of compliance with Nevada law relating to the activities of: (1) the Nevada Tax Commission and the Department of Taxation in the taxation of the net proceeds of minerals; (2) the Division of Industrial Relations of the Department of Business and Industry concerning the safe and healthful working conditions at mines; (3) the Commission on Mineral Resources and the Division of Minerals of the Commission; (4) the Bureau of Mines and Geology of the State of Nevada; and (5) the Division of Environmental Protection of the State Department of Conservation and Natural Resources in its activities concerning the reclamation of land used in mining, and establishes the reports and other information that those entities are required to provide to the Commission. The Commission is authorized to request the Legislative Commission to direct the Legislative Auditor to provide for a special audit or investigation of the activities of any state agency, board, bureau, commission or political subdivision in connection with the taxation, operation, safety and environmental regulation of mines and mining in this State. Provides that regulations related to mining of the Nevada Tax Commission, Administrator of the Division of Industrial Relations, Commission on Mineral Resources and the State Environmental Commission concerning mines and mining are not effective unless they are reviewed by the Oversight Commission before being approved by the Legislative Commission.

Excludes from any deductions for the purpose of calculating the net proceeds of minerals (a) The costs of employee housing; (b) the costs of employee travel that occurs outside of Nevada; (c) The costs of severing the employment of any employees; (d) Any dues paid to a third-party organization or trade association to promote or advertise a product; (e) Expenses relating to governmental relations or to compensate a natural person or entity to influence legislative decisions; (f) The costs of mineral exploration; (g) Any federal, state or local taxes.

Repeals the law passed during the February 2010 Special session imposing a fee on the filing of an affidavit of the work performed on or improvements made to a mining claim or an affidavit of the intent to hold a mining claim, if the person who holds the mining claim holds 11 or more mining claims in this State. Allows any person who paid that fee to receive a credit of the amount paid against any liability of the person for the state modified business tax or, if that is not practical, a refund of the amount paid.

Makes an appropriation of \$17,050 each year of the biennium to the Department of Taxation to fund the costs for the Mining Oversight and Accountability Commission.

Effective: Dates vary from June 16, 2011 to January 1, 2012 and January 1, 2014.

**NTA:** *The establishment of this oversight commission is a case of overkill!* There are no requirements that the appointments to the Oversight Commission have any knowledge of the industry, or the functions and laws that govern the agencies that are subject to the Commission's oversight. The Legislative Commission's subcommittee to review regulations already determines if proposed regulations comport with statutory provisions. Note: The net proceeds of minerals tax is paid by all hard-rock mining and oil and geothermal industries in Nevada. The gold mining industry came into this legislative session with a bulls-eye on their back painted by spenders who argued that given the high price gold was selling for the industry was not paying enough in taxes.

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#### **SJR 15 - Amendment to Repeal Net Proceeds Tax**

Proposes an amendment to Section 5 of Article 10 of the Nevada Constitution to repeal the provision which establishes a separate tax on the net proceeds of mines.

**NTA:** If this legislation is approved again by the 2013 Legislature, it will be on the November 2014 election ballot. If then approved by the voters, legislators would be able to change the method of taxing minerals.

### MOTOR VEHICLE TAXES AND FEES

#### **AB 2 – Emission Inspections: Older Vehicle Exemption & Fee Charge**

Provides an exemption from emissions inspection for older motor vehicles (antique vehicles, street rods, classic rods and classic vehicles) in those counties which require emission inspections; Clark and Washoe counties. The owner of a motor vehicle which qualifies for the exemption is required to pay a fee of \$6 to the Department of Motor Vehicles. The owner must

**MOTOR VEHICLE TAXES AND FEES CONTINUED*****AB 2 – Emission Inspections continued***

certify the vehicle has been driven less than 5,000 miles the prior year. The fee is to be deposited and accounted for in the Pollution Control Account.

Effective: October 1, 2011

Note: The \$6 fee is equal to the current cost for an emissions certificate of compliance.

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**AB 245 - Veterans' Exemption**

Provides that a veteran may transfer to his or her spouse, the exemption from the governmental services tax to which the veteran would otherwise be entitled. Provides that the transfer may not be claimed by the veteran while the transfer is in force; may be revoked by the veteran; and that the transferred exemption terminates upon the remarriage of the spouse, the veteran's death or revocation of the transfer, whichever comes first.

Effective: July 1, 2012

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**AB 247 – Registration of Agricultural Vehicles**

Allows a person who is an agricultural user and who wishes to obtain or to renew a license plate and decal to operate a farm tractor, or self-propelled implement of husbandry on Nevada highways to submit an application, a non-refundable fee of \$20.50 and evidence of insurance to the Department of Motor Vehicles Motor Carrier Division. The Department is required to issue a license plate and decal as soon as practicable. An emission certificate is not required for a farm tractor or self-propelled implement of husbandry. The renewal fee is \$10. An "agricultural user" is defined to mean a person who owns or operates a farm tractor or self-propelled implement of husbandry for a certain type of agricultural use.

Effective: January 1, 2014

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**AB 511 - Alternate Fuel Vehicles: Public Parking Fee Exemption**

Expands the definition of "qualified alternative fuel vehicle" to include plug-in vehicles that are powered by an electric motor, and vehicles which are powered by an alternative fuel and meet specified federal emissions standards. Provides that the owner of such a vehicle may apply to the local authority for a decal, label, etc. that distinguishes the vehicle from other vehicles, and when displaying the decal may park without the payment of a parking fee at certain times in public parking lots and areas and metered parking zones. The local government is allowed to charge a fee not to exceed \$10 for the distinctive identifier. This bill also defines autonomous vehicles (vehicles that drive themselves without a human operator) and requires the Department of Motor Vehicles to adopt regulations authorizing the operation of these vehicles on Nevada highways and to establish a driver's license endorsement for the operation of these vehicles.

Effective: Dates vary from June 16, 2011 to January 1, 2012 and March 1, 2012. The provisions that pertain to qualified alternative fuel vehicles to expire by limitation ("sunset") as of January 1, 2018.

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**SB 13 - Aviation Fuel**

Repeals the provision allowing the Department to grant an extension of time to a person for the filing of the monthly returns and reports regarding aviation fuel to create consistency with NRS 366, Special Fuels.

Effective: July 1, 2011.

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**SB387 – Off-highway Vehicle Fee**

Authorizes the Department of Motor Vehicles (DMV) to assign a distinguishing number to any off-highway vehicle that does not have a unique vehicle identification number or serial number and provides for the imposition of a \$2 fee for the assignment of number.

Effective: May 3, 2011 for adopting regulations. For all other purposes the bill is effective July 1, 2012, or 30 days after the date on which the DMV publishes (on its website) a statement indicating that it has completed the preparatory administrative tasks necessary to carry out the provisions of this act, whichever occurs first. Expires by limitation on July 1, 2012, if the Interim Finance Committee has not issued a notice to the Department of Motor Vehicles.

Note: Under existing law, the Interim Finance Committee has to issue a notice to DMV that adequate money is available to begin registering off-highway vehicles on or before July 1, 2011.

**MOTOR VEHICLE TAXES AND FEES CONTINUED****SB 406 - Veteran's Fee Waiver**

The Department of Motor Vehicles is to waive any fees that would otherwise be imposed against a person for the late renewal of a driver's license or the registration of a vehicle, if the late renewal resulted from the person being on military deployment. "Military" means the Armed Forces of the United States, a reserve component thereof or the National Guard.

Effective: July 1, 2011.

**SB 441 - Department of Motor Vehicles (DMV): Transaction Fees**

Authorizes a supplier who has entered into a contract with DMV to process transactions related to driver's licenses and motor vehicle registration to charge and collect from customers a nonrefundable processing fee for each such transaction. The Director of DMV is to adopt regulations to carry out these provisions.

Effective: July 1, 2011

**TAX ADMINISTRATION****AB 1 - Tax Expenditure Report**

Beginning with the fourth quarter of Fiscal Year 2010-2011 and concluding with the third quarter of Fiscal Year 2012-2013 the Departments of Taxation; Motor Vehicles; Employment Training and Rehabilitation; Business and Industry; and the State Gaming Control Board; the Office of the State Controller; the Office of the Secretary of State are to report to the Interim Finance Committee within 60 days after the end of the immediately preceding fiscal quarter concerning the taxes and fees that: (1) were legally due to be paid to the entity; (2) the entity was able to collect; and (3) the entity did not collect or was otherwise unable to collect, to the extent that such information is available. Also requires the Commission on Economic Development and the Office of Energy to report to the Interim Finance Committee on the same time schedule regarding each tax or fee, as applicable, abated, exempted or otherwise waived and the duration of the applicable abatement, exemption or waiver. Requires each occupational licensing board that regulates an occupation or profession pursuant to title 54 of NRS (Professions, Occupations and Business) to report to the Interim Finance Committee and the Legislative Commission on or before December 1, 2011, as to certain money, fees, expenditures and assets.

Effective: May 24, 2011

**AB 504 - Department of Taxation Debts and Interest Payment Changes**

Requires the Department of Taxation to prepare and furnish an annual report that shows debts by delinquent taxpayers for the prior year and to report the amount of delinquent taxes the Department determines impossible or impractical to collect. The report is to be submitted to the Tax Commission who is required to request that the State Board of Examiners designate the delinquent taxes as bad debt. This legislation also reduces the amount of interest paid to a taxpayer for an overpayment from 0.5 percent to 0.25 percent per month (3 percent a year), and reduces the interest rate assessed on late payment from 1 percent to 0.75 percent per month (9 percent a year).

Effective: July 1, 2011

**SB 31 - Tax Administration**

Limits the liability of a responsible party to collect or pay taxes to the Department to the *willful* failure to collect or pay the taxes due. Requires the Department to issue an annual report on March 1 of each year of the projected population for each county in Nevada and for the following 4 years and to issue on or before October 1 an annual report of projected population for the next 19 years classified by age, sex, race and Hispanic origin or each Nevada county as of July 1 that year. Extends the lien date the Department or county may take action to collect delinquent taxes, fees or deficiencies to within 4 years after payment was due. Temporarily extends until May 31, 2011, the deadline for submitting a cooperative agreement for an alternative formula that would be effective for the fiscal year beginning on July 1, 2011.

Effective: All provisions except for the cooperative agreements are effective July 1, 2011.

**NTA:** This legislation was originally requested by the Department of Taxation. The amendment to provide for cooperative agreements was added because of an unintended consequence, caused by this economy, that occurred in the second tier distribution of the Consolidated Tax (C-Tax) formula in Clark County.

**TAX ADMINISTRATION CONTINUED****SB 33 - Taxpayer Confidentiality**

The provisions governing the confidentiality of taxpayer records and files from the modified business tax and sales and use tax is consolidated into NRS 360 which covers the administration of all taxes under the authority of the Department of Taxation. Also clarifies the taxpayers' information that may be made public during a public hearing.

Effective: May 30, 2011

**NTA:** This legislation was requested by the Department of Taxation.

**MISCELLANEOUS TAXES & FEES****AB 19 – Fishing Permit: Non-Resident Fee**

Upon the payment of a fee of \$25, the Department of Wildlife is to issue to a person who is not a bona fide resident of Nevada an annual license to fish solely in the reciprocal waters of the Colorado River, Lake Mead, Lake Mohave, Lake Tahoe and Topaz Lake. Also expands the use of special fishing permits to groups that operate for the benefit of disadvantaged or at-risk children to any public nonprofit, private nonprofit group that operates for the benefit of children.

Effective: May 29, 2011 for the adoption of regulations and March 1, 2012 for all other provisions.

**AB114 – State Engineer: Water Fee**

Changes to a flat rate of \$750 the fee charged for issuing and recording a permit to change an existing water right for any purpose other than for watering livestock or wildlife purposes or for certain uses concerning the generation of hydroelectric power. The current fee is the fee of \$250 plus an additional fee of \$3 for each acre-foot of water or fraction thereof approved in the permit by the State Engineer.

Effective: July 1, 2011.

**AB 192 - County Recorder Fees**

Authorizes a board of county commissioners to adopt an ordinance for an additional fee of not more than \$3 for each recording of a document, instrument, paper, notice, deed, conveyance, map, chart, survey or any other writing other than an originally signed copy of a certificate of marriage and provides that fee revenue must be used to provide legal services for abused and neglected children. Note: The current recording fee is \$1.

Effective: July 1, 2011.

**AB 258 - Interactive Gaming**

The Nevada Gaming Commission is required to adopt regulations relating to the licensing and operation of interactive gaming. Existing law authorizes certain gaming establishments to obtain a license to operate interactive gaming. A license to operate interstate interactive gaming does not become effective until: (1) the passage of federal legislation authorizing interactive gaming; or (2) the United States Department of Justice notifies the Commission or the State Gaming Control Board that interactive gaming is permissible under federal law. Unless federal law otherwise provides for a similar fee or tax, all gross revenue from operating interactive gaming received by an establishment licensed to operate interactive gaming, regardless of whether any portion of the revenue is shared with another person, must be attributed to the licensee and counted as part of the gross revenue of the licensee. Interactive gaming includes Internet poker, but does not include in-state sports book betting.

Effective: June 10, 2011.

**AB 348 – Estate Transfer Tax: Changes Apportionment**

Provides that notwithstanding the provisions of law relating to the apportionment of federal transfer taxes upon the death of a person: (1) such provisions must not be construed to allow the apportionment or enforcement of the collection of any tax to the extent such tax has not been paid and the collection thereof is no longer enforceable under applicable federal law; and (2) a recipient of a transfer is not required to pay tax in an amount that exceeds the value of the property received by the recipient or the maximum amount payable by the recipient under federal law, whichever is less.

Effective: October 1, 2011

**MISCELLANEOUS TAXES & FEES CONTINUED****AB 376 - Tourism Improvement District (TID) & Fee for Public Facilities**

Requires that the ordinance creating a tourism improvement district (TID) impose a surcharge of \$2 on the per night charge for the rental of a room in a hotel that holds a nonrestricted gaming license in the district. The surcharge revenue can be used only for the cost of improving and maintaining publicly owned facilities for tourism and entertainment in the district or within 1 mile outside the boundaries of the district, except for a minor league baseball stadium project. The independent auditing of claims made under agreements to provide such financing is required. Prohibits the use of a surcharge in a TID created on or after July 1, 2011. Prohibits payment of fees and costs for the relocation of a retailer from another location within 3 miles outside of the boundary of the TID to within the TID. Prohibits the use of the surcharge to certain governmental entities if a nongovernmental entity obtained any of the original financing in the TID, and prohibits such financing, without the consent of the entities which obtained the original financing in the TID, to an entity that did not obtain any of the original financing in the TID. Specifies the procedure required for the selection of subcontractors by contractors and developers who enter into construction contracts on financed projects or on property within a TID, which benefits from financed infrastructure improvements. Requires a municipality that creates a TID to prepare and submit to the Legislature annual reports regarding the TID, and requires the Department of Taxation to prepare and submit to the Legislature and the municipality semiannual reports regarding businesses within a TID. Applies the prevailing wage provisions applicable to public works to construction contracts for financed projects within a TID. Requires independent consultants to be selected from a list provided by the Commission on Tourism to provide the financial feasibility of the project. Authorizes Washoe County to acquire, lease, improve, equip, operate and maintain within the county a minor league baseball stadium project and to create a stadium authority to operate the project. Authorizes the stadium authority to recommend the imposition of a surcharge on the amount charged for any items or services related to the project. The surcharge must be approved by a two-thirds majority vote of the governing body of the city where the stadium is located. The membership of a stadium authority is revised.

Effective: Dates are June 17, 2011 and July 1, 2011. The surcharge expires 20 years after the adoption of the ordinance imposing the surcharge or 20 years after all bonds are issued, whichever is later.

**NTA:** This bill became an end of session "legimatic." As originally introduced, the bill was 12 pages and made a number of changes to Tourism Improvement Districts. In its final form the surcharge was added and two distinctly different provisions were added; the use of school capital construction reserves and the North Las Vegas Water Reclamation Report. The latter two issues will be reported in subsequent issues of *Tax Topics*.

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**SB 190 – Music Therapy Licensure Fee**

Authorizes the State Board of Health to license and regulate to music therapy and establish a voluntary Music Therapy Advisory Group. Sets forth the authorized music therapy services that may be provided by a music therapist

Establishes the initial and renewal (every 3 years) fees and does not allow the Board to increase the fees before January 1, 2014. Provides for the reporting, disclosure and remedies for licensees whose licenses have been revoked

Effective: June 3, 2011 for the purpose of issuing licenses and January 1, 2012 for all other purposes.

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**SB 361 – State Engineer: Temporary Permit Fee**

Allows a person to apply to the State Engineer for the issuance of a temporary permit to appropriate water to establish vegetative cover that is resistant to fire in an area that has been burned by a wildfire or to prevent or reduce the impact of a wildfire in an area. The fee for examining and filing the application for the temporary permit is \$150, and for issuing and recording the temporary permit is \$200. The duration of the temporary permit is limited to 1 year.

Effective: June 10, 2011.

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**SB 498 - Unarmed Combat - Expands Use of Fee**

The Nevada Athletic Commission is authorized to use the money collected from the fee collected for each ticket sold to a live professional contest of unarmed combat to perform random drug testing of amateur and professional unarmed combatants at any time, including, without limitation, during any period of training.

Effective: July 1, 2011

**NTA:** Currently the money collected from the fee is to award grants to organizations which promote amateur contests or to promote amateur contests or exhibitions of unarmed combat.

## STATUS OF VETOED BILLS

A total of 28 bills were vetoed by Governor Sandoval. Twelve bills were vetoed in time to be returned to the house of origin for a veto override. No action to override or sustain the Governor's veto was taken in either house on those 12 bills. Fourteen bills of the vetoed bills will be returned to the 2013 Legislative session. The reason for the veto listed in the following two tables is summarized from the Governor's veto message. To read the entire message go to: [www.leg.state.nv.us](http://www.leg.state.nv.us). Once there click onto "Session Info" go to "Bill Information" and scroll down to "Bills Vetoed."

The bills listed in the following table were returned to the Legislature, but no action was taken to override or sustain the veto.

Bill	Description	Reason for Veto
AB 135	Revises provisions governing probation.	Limits the cases in which enforcement measures are available and undermines the ability of the courts to effectively enforce sentences.
AB 183	Revises the provisions regarding the use of the school district reserve bond account.	Vetoed as the bill took a funding source that the Governor had proposed to "sweep" to fund the budget.
AB 253	Makes changes concerning fines and settlement agreements relating to occupational safety and health.	A more innovative and proactive approach is warranted to improve workplace safety and change behavior.
AB 254	Revises provisions relating to the issuance of a citation for certain occupational safety and health violations.	"This bill creates ambiguous and misguided new requirements that will be difficult to enforce and burdensome to comply with."
AB 309	Revises provisions governing insurance.	Unnecessarily expands the regulatory structure at the expense of health benefit consumers and is not required to comply with federal law.
AB 416	Expands provisions governing certain programs for renewable energy.	Undermines the value of the resource plan approval process and increases rates to cover utility expenditures unrelated to providing electricity in Nevada.
AB 433	Expands prohibition on employers taking actions to prohibit, punish or prevent employees from engaging in politics or becoming candidates for public office.	Goes beyond existing law and establishes a new prohibition pertaining to "adverse employment action." Places unworkable restrictions on the employer/employee relationship.
AB 456	Revises provisions governing the attendance of pupils and graduation from high school.	Represents diminished expectations for students to graduate and lowers the standards for obtaining a high school diploma.
AB 501	Provides for an audit of the fiscal costs of the death penalty.	"The bill lacks the specificity necessary to persuade me the outcome of the audit will be fair."
AB 550	Interim study concerning port of entry in Nevada.	The study is unnecessary and redundant as a 2004 study found that the annual benefits are less than the annual costs for either a Nevada or a Nevada-California port of entry.
AB 568	Ensures sufficient funding for K-12 public education for the 2011-2013 biennium.	It is a circuitous attempt for a tax increase because it does not contain corresponding reductions in spending in other parts of the budget.
SB 497	Revises the legislative districts from which members of the Senate and Assembly are elected and revises the districts from which Representatives of Congress are elected.	Does not provide a fair representation of Nevadans nor does it comply with the Voting Rights Act of 1965.

The bills listed in this table will be returned to the 2013 Legislative session for reconsideration.

<b>Bill</b>	<b>Description</b>	<b>Reason for Veto</b>
AB 136	Revises provisions governing credits for offenders sentenced for certain crimes	Increases the risk of dangerous prisoners being prematurely released from prison.
AB 137	Revises provisions governing nutrition in public schools.	The boards of school districts and charter schools are able to provide for nutrition programs under existing law.
AB 152	Creates an advisory committee to develop recommendations for the funding of State highways.	This bill is similar to AB 503 vetoed by Governor Jim Gibbon in 2009. That veto message said in part "If such recommendations are to be submitted to the voters, they should be recommendations from the Legislature as a whole." Governor Sandoval agreed.
AB 300	Revises provisions governing foreclosures on property.	Represents duplicative and possibly conflicting efforts. On June 1, 2011 the Supreme Court by order created the Advisory Commission on the Foreclosure Medication program.
AB 301	Revises provisions governing the restoration of civil rights for ex-felons.	Unnecessarily revises provisions related to the restoration of civil right for certain ex-felons.
AB 546	Makes various changes to provisions governing early childhood care and education.	The training standards to be adopted set a new, overly high bar for small businesses in the child care industry.
AB 566	Revises the legislative districts from which members of the Senate and Assembly are elected and revises the districts from which Representatives of Congress are elected.	This bill has essentially the same veto message issued by Governor Gibbons on May 14, 2011 regarding SB 497: "it does not provide a fair representation of Nevadans nor does it comply with the Voting Rights Act of 1965."
AB 578	Revises the interim committee structure of the Legislature.	"Assembly Bill 578 takes Nevada precipitously close to annual sessions of its legislative body or at the very least full-time service by its members."
SB 115	Provides requirements governing payment for the provision of certain services and care to patients and reports relating to those services and care.	"...Overreaching and interferes with contracting between third party payers, hospitals and health care providers."
SB 188	Revises provisions relating to the work schedules of certain employees of the Department of Corrections.	Under existing law, managers and Wardens have the ability to try different work schedules.
SB 207	Authorizes the imposition of an administrative penalty against an employer under certain circumstances.	The penalties are extreme. Duplication of the regulatory scheme is unnecessary.
SB 208	Creates the Task Force on Employee Misclassification.	". . . this bill incorrectly, implies that existing enforcement efforts related to employee misclassification are inadequate, and that the agencies tasked with identifying misclassification do not have the tools they need. . ." "Neither is the case."
SB 254	Revises provisions relating to common-interest communities.	The process outlined is unclear as the costs to the homeowner and seems to complicate the system by creating additional layers of process.
SB 304	Provides for redistricting on election districts in Carson City and the Cities of Henderson, Reno and Sparks, contingent upon voter approval.	Appears to contain a technical error regarding the change in how a Reno councilman is elected - - - at large or from a ward.
SB 360	Revises provisions governing redevelopment agencies.	Is overly restrictive with regards to the Nevadans who are able to benefit from the incentives.
SB 418	Creates a subcommittee of the Legislative Committee On Health Care to oversee the implementation of federal health care reform in this State.	The Department of Health and Human Services already has two teams that are providing oversight on the federal legislation. This bill creates an unnecessary and duplicative subcommittee.

## NEVADA TAXPAYERS ASSOCIATION

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